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C O N F I D E N T I A L STATE 105134

FOR ROBERT ROSENSTOCK, US LEGAL DIVISION ONLY

FOLLOWING TEL SENT ACTION SECSTATE INFO GUATEMALA, MANAGUA,
PANAMA, SAN SALVADOR, TEGUCIGALPA FROM SAN JOSE MAY 06:

QUOTE C O N F I D E N T I A L SAN JOSE 1992

E.O. 11652: GDS

TAGS: PFOR, CS, PINT

SUBJECT: THE "NEW REPUBLIC" VESCO/FIGUERES/ODUBER IMBROGLIO - THE
POLITICAL FUROR CONTINUES

REF: SAN JOSE 1965

BEGIN UNCLASSIFIED

SUMMARY: THE POLITICAL FIREWORKS TOUCHED OFF BY JOSE FIGUERES' STATE-

MENTS TO THE "NEW REPUBLIC" ON ROBERT VESCO'S FINANCIAL CONTRIBUTION
TO PRESIDENT ODUBER'S 1974 CAMPAIGN CONTINUE. MEDIA COVERAGE HAS
BEEN EXTENSIVE, AND HIGHLY CRITICAL. WITHIN PLN AND THE GOCR THERE IS
AN UNEASY AND EMBARRASSED SILENCE. SOME GOVERNMENT PARTY FIGURES HAVE
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SIOKEN OUT STRONGLY, HOWEVER, TO CRITICIZE FIGUERES. OPPOSITION
ATTACK IS STRONG AND GETTING MORE STRIDENT. THE CONSENSUS OF PLN DIS-
SIDENTS, OPPOSITION, INDEPENDENT MEDIA, AND MAN IN THE STREET IS THAT
COSTA RICA WOULD BE BETTER OFF IF VESCO WERE NOT HERE. ASSEMBLY
PRESIDENT SOLEY NOTED PUBLICLY THAT FOR POLITICAL REASONS US HAS
NOT PRESENTED EXTRADITION REQUEST IN SPITE OF ABROGATION OF
PREVIOUS "VESCO" EXTRADITION LAW LAST NOVEMBER. END SUMMARY

1. THE POLITICAL UPROAR GENERATED BY EX-PRESIDENT JOSE FIGUERES' REVELATIONS IN "NEW REPUBLIC" INTERVIEW THAT ROBERT VESCO PARTIALLY FINANCED PRESIDENT ODUBER'S 1974 ELECTION CAMPAIGN AND THAT OF VARIOUS NATIONAL ASSEMBLY DEPUTIES CONTINUES UNABATED. MEDIA COVERAGE HAS BEEN EXTENSIVE. RADIO AND TV NEWSCASTS DEVOTED MOST OF THEIR TIME TO THE STORY COVERING REACTION OF POLITICAL LEADERS, GOVERNMENT OFFICIALS, AND MAN-IN-THE-STREET. THE ONLY EXCEPTIONS -- IRO PLN DAILIES "LA HORA" AND "EXCELSIOR", WHICH ON MAY 6 CARRIED ONLY ROBERT VESCO'S REACTION (SEPTEL). PROMINENTLY REPORTED IN ALL MEDIA WAS NEW REPUBLIC POLITICAL EDITOR KEN BODE'S ASSERTION THAT HE HAS MUCH OF INTERVIEW ON TAPE, THAT TRANSCRIPTS CONFIRM FIGUERES' REMARKS, AND THAT FIGUERES IN COURSE OF INTERVIEW SESSIONS WAS NOT SPEAKING IN JEST.

2. PLN AND GOCR REACTION REMAINS LIMITED; ONLY THOSE WHO HAVE PREVIOUSLY DENOUNCED VESCO COMMENTED SUBSTANTIVELY (CONTACTS IN CASE PRESIDENCIAL REPORT THAT DANIEL ODUBER IS "FURIOUS"). SECOND VICE PRESIDENT FERNANDO GUZMAN MATA DECLARED: "MY POSITION IS THAT ROBERT VESCO'S PRESENCE IN HARMFUL TO COSTA RICA." THIS SENTIMENT WAS ECHOED BY NATIONAL ASSEMBLY PRESIDENT (AND LUIS ALBERTO MONGE PRESIDENCIAL CAMPAIGN DIRECTOR) ELIAS SOLEY SOLER, WHO CALLED VESCO'S PRESENCE IN COSTA RICA

AN IRRITANT, STATING THAT HE HOPES THE FINANCIER
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LEAVES THE COUNTRY "TOMORROW," THE NEWLY-ELECTED ASSEMBLY PRESIDENT ALSO STATED THAT REGRETFULLY, THE USG, FOR POLITICAL REASONS, HAS NOT REQUESTED VESCO'S EXTRADITION DESPITE THE ASSEMBLY'S REMOVAL OF THE EXTRADITION LAW, WHICH, HE NOTED, HAD BEEN CONSTRUED AN OBSTACLE TO EXTRADITION.

3. DISSIDENT LIBERACIONISTAS HAVE REACTED IN STRONGER FASHION. FORMER VICE PRESIDENT (FIGUERES ADMINISTRATION) AND LEADER OF THE DISSIDENT'S PATRIOTIC ACTION FACTION JORGE ROSSI DECLARED "I DON'T KNOW THE FACTS BECAUSE I DID NOT ACTIVELY PARTICIPATE IN THE FINANCING OF THE PLN CAMPAIGN, BUT I ASSUME WHAT JOSE FIGUERES STATED SO BALDLY MUST BE BASED ON THE TRUTH." ROSSI DENOUNCED PUBLIC CORRUPTION AND CALLED FOR A SERIOUS EXAMINATION OF THE CHARGES. EX-MINISTER OF CULTURE (ODUBER ADMINISTRATION) CARMEN NARANJO EXPRESSED INDIGNATION AND DEMANDED THAT THE PLN ACCOUNT PUBLICLY AS TO HOW THE LAST CAMPAIGN WAS FINANCED.

4. OPPOSITION REACTION REMAINS STRONG AND IS GROWING. OIPOSITION UNITY PRESIDENTIAL CANDIDATE RODRIGO CARAZO DECLARED THAT "ROBERT VESCO'S POLITICAL PARTICIPATION DENOUNCED BY EX-PRESIDENT FIGUERES REVEALS THE INTERVENTION HERE OF A FOREIGNER WHOSE STAY IN THIS COUNTRY IS REJECTED BY THE MAJORITY OF COSTA RICANS," CONCLUDING THAT FIGUERES' REVELATIONS STRENGTHEN HIS POSITION THAT VESCO MUST LEAVE COSTA RICA. CARAZO FURTHER STATED THAT "THE COSTA RICAN PUBLIC HAS BEEN SCANDALIZED BY THE VERY GRAVE ACCUSATIONS AND WE WHO PARTICIPATE IN POLITICS AND HAVE FOUGHT VESCO'S PRESENCE IN COSTA RICA NOW KNOW THAT THE OFFICIAL PARTY IS FINANCIALLY BACKED BY A FUGITIVE FROM INTERNATIONAL JUSTICE."

5. THE OPPOSITION'S ASSEMBLY CONTINGENT WAS EQUALLY CONFIDENTIAL

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VOCAL. PRD DEPUTY AND CARAZO CANPAIGN LEADER, RODOLFO PIZA, CALLED FOR PRESIDENT ODUBER TO RESIGN. FELLOW CARACISTA FERNANDO ALTMANN, ALLUDING TO WATERGATE, CALLED FOR AN INVESTIGATION AND RESIGNATIONS, IN LIGHT OK THE SERIOUSNESS OF FIGUERES' CHARGES. CARAZO'S LEGISLATIVE LEADER, JUAN JOSE ECHEVARRIA, STATED THAT VESCO'S FINANCING OF ASSEMBLY CAMPAIGNS WAS LIMITED TO THE PLN, PUN AND OPPOSITION DEPUTY SIGURD KOBERG. ECHEVARRIA ALSO RECALLED FIGUERES' 1976 INTERVIEW IN "EXCELSIOR" OF MEXICO WHEN HE ADDED THAT THIS IS NOT THE FIRST TIME DON PEPE HAS MADE THESE CHARGES. OTHER OPPOSITION DEPUTIES AVERRED THAT PUBLIC CORRUPTION BEGAN IN THE FIGUERES ADMINISTRATION.

6. LEADING DAILY "LA NACION", IN ITS SECOND CONSECUTIVE EDITORIAL ON THE SUBJECT MAY 6, AND ONE OF ITS STRONGEST EVER AGAINST THE ODUBER ADMINISTRATION, CHIDED PRESIDENT ODUBER FOR LIMITING HIS RESPONSE TO FIGUERES' ALLEGATIONS TO SENDING A LETTER IN ENGLISH TO THE "NEW REPUBLIC". (RADIO MONUMENTAL'S ARMANDO VARGAS EDITORIALIZED IN THE SAME THEME, AND RECALLED WATERGATE.) IT DENOUNCED THE SILENCE OF ODUBER, PLN LEADERS, PLN DEPUTIES AND MINISTERS - SPECIFICALLY EXCLUDING ASSEMBLY PRESIDENT SOLEY AND PLN DEPUTY MIGUEL CORRALES -- COMMENTING THAT ALL WHO STAY SILENT "WILL REMAIN BEFORE HISTORY AS ACCOMPLICES AND ACCESSORIES AFTER THE FACT." INDEPENDENT DAILY "LA PRENSA LIBRE" MAY 5 QUESTIONED JOSE FIGUERES' CONDUCT. ITS EDITORIAL STATED THAT THIS IS NOT THE FIRST TIME FIGUERES HAS LEVELED SERIOUS CHARGES IN FOREIGN MEDIA ONLY TO CLAIM THEY HAD BEEN MADE IN JEST

AND HE HAD BEEN MISINTERPRETED. THE USUALLY MILD-MANNERED PAPER POINTEDLY DEMANDED THAT DON PEPE EXPLAIN HIS ACTIONS. END UNCLASSIFIED.

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7. COMMENT: FEELINGS ABOUT WHAT SOME POLS ARE ALREADY CALLING THE POLITICAL SCANDAL OF THE YEAR WILL REMAIN AT A HIGH PITCH, AT LEAST UNTIL ODUBER, FIGUERES, AND PLN PRESIDENTIAL CANDIDATE MONGE SPEAK OUT. DISGUST ABOUT WHAT FIGUERES HAS SAID A NUMBER OF TIMES, AND THEN SOMEHOW RETRACTED, CONCERNING THE VESCO ROLE IN PLN POLITICS IS WIDESPREAD; THIS TIME, FIGUERES MAY JUST HAVE GONE TOO FAR. ODUBER AND MONGE ARE IN A REAL QUANDARY; THEY HAVE TO CHOOSE BETWEEN MAINTAINING SOME SEMBLANCE OF CREDIBILITY THEMSELVES (AND FOR THE PARTY) AND ANTAGONIZING FIGUERES AND HIS FOLLOWERS. THEY WILL, OF COURSE, TRY TO DO BOTH, BUT THEIR CHANCES OF PULLING IT OFF SUCCESSFULLY ARE NOT GOOD. THE PARTY IS STUNNED AND HURT. THE OPPOSITION, WHICH IS STILL NOT FULLY CRANKED UP ON HOW TO USE THE FIGUERES STATEMENTS POLITICALLY, CAN BE EXPECTED TO HARP AT THE VESCO CORRUPTION THEME ON THE BASIS OF WHAT FIGUERES SAID FOR THE REST OF THE CAMPAIGN.

8. THE MOST SIGNIFICANT PLN REACTION IS THAT OF ASSEMBLY PRESIDENT SOLEY: IT REPRESENTS THE DISGUST OF A NUMBER OF MEMBERS OF THE GOVERNMENT PARTY WHO ARE NOT LINKED WITH VESCO. THIS FEELING, COMBINED WITH THE ONGOING, HARD-CHARGING MEDIA CAMPAIGN AND AN OPPOSITION WHICH PROMISES NOT TO LET UP, ALL ADD UP TO THE MOST PROPITIOUS TIME THAT HAS EXISTED IN YEARS IN TERMS OF THE POLITICAL ATMOSPHERE FOR A SUCCESSFUL EXTRADITION ATTEMPT. END CONFIDENTIAL. KILDAY UNQUOTE CHRISTOPHER

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